



Virginia Small Business Financing Authority

Virginia Capital Access Program

Purpose:

The Virginia Small Business Financing Authority's (VSBFA) *Virginia Capital Access Program (VCAP)* provides access to capital for Virginia businesses by encouraging banks in Virginia to make loans that they would otherwise not make due to a borrower's riskier profile. Unlike typical government guaranty programs, which provide a guaranty of a specific loan, *VCAP* utilizes an insurance concept on a portfolio of loans. The Program establishes a loan loss reserve at each participating bank, which is funded by enrollment premiums paid by the Borrower/Bank and VSBFA. Because the participating bank determines what loans to enroll without VSBFA's involvement, the Program is a flexible, non-bureaucratic tool to assist banks in meeting the financing needs of Virginia's businesses.

Accessing the Program:

To apply for financing through *VCAP*, a business makes application to a bank in Virginia participating in the *Virginia Capital Access Program*. A current list of the banks participating in *VCAP* is available from VSBFA.

If the participating bank determines that the proposed financing request does not meet the bank's normal underwriting guidelines, the bank will then determine whether the proposed loan transaction would be acceptable if the loan were enrolled in *VCAP*. The Virginia Small Business Financing Authority does not participate in the bank's underwriting decision or the bank's decision to utilize the *Virginia Capital Access Program* to provide financing.

Once the bank has approved the financing for enrollment in *VCAP*, the bank determines the premium amount to be paid by the borrower based on the bank's perceived level of risk. Enrollment premiums paid by the borrower typically range between 3% and 7% of the loan amount and are non-refundable. VSBFA contributes a matching premium, and in cases where the borrower is a technology company or the participating bank is new to the program, VSBFA's premium is twice that of the borrower's premium. Both the borrower's and VSBFA's premiums are contributed to a loan loss reserve fund established for the benefit of the bank. In the event of a default on an enrolled loan, the bank can utilize funds in this reserve to offset its loss.

Program Features:

- Eligible Loan Uses: Funds are available for working capital, expansion, equipment and most other business needs. Loans for residential real estate or for passive real estate investment are not eligible for enrollment.
- Eligible Loan Types: Loans or revolving lines of credit are eligible.
- Eligible Borrowers: Any corporation, partnership, limited liability corporation, limited liability partnership, joint venture, sole proprietorship, cooperative or other entity, whether for profit or non-profit, which is authorized to conduct business in the Commonwealth of Virginia.
- Maximum Enrolled Loan Size: The maximum outstanding loan amount(s) which may be enrolled for any single borrower, or any common enterprise in which the borrower has an ownership interest, is \$250,000.
- Maximum Loan Term: At the discretion of the participating bank.
- Enrollment Premium: Enrollment premiums paid by the borrower are typically between 3% and 7% of the loan amount and are non-refundable.